

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

ROBERT GRAY, and MAKRUM GEORGE,  
individually, and on behalf of a class of  
similarly situated individuals,

Plaintiffs,

v.

BMW OF NORTH AMERICA, LLC and BMW  
AKTIENGESELLSCHAFT,

Defendants.

**Civ. Ac. No.: 2:13-cv-3417-WJM-MF**

**DECLARATION OF  
KIRK D. KLECKNER**

KIRK D. KLECKNER, of full age, declares as follows:

**1. Summary of Opinions**

a. Based on the analyses explained below, I have determined within a reasonable degree of professional certainty that the Settlement reached in this case has a minimum value of \$8,510,000.

**2. Experience and Qualifications**

a. I am a Certified Public Accountant in the United States with an MBA. I have an ABV accreditation in business valuation and intangible asset valuation from the American Institute of Certified Public Accountants (AICPA). I am an Accredited Senior Appraiser (ASA-BV) from the American Society of Appraisers. I have litigation-related experience in valuing economic losses and damages, and I have a Certified in Financial Forensics (CFF) accreditation from the AICPA.

b. My experience includes seven years as the Chief Financial Officer for a well-respected Top 50 United States automotive dealership group; 19 years with an accounting firm including roles as shareholder, Chief Operating Officer, and Director of Business Valuation and Litigation Support Services; and performing services for hundreds of companies in a wide array of industries, including but not limited to retail dealerships, property and casualty insurance, warranty insurance, and distribution.

c. My experience as CFO included service and warranty matters. My duties as CFO included establishing and overseeing extended service contractual relationships, and establishing and overseeing automotive dealer-owned reinsurance entities and structures for extended service warranty contracts and other insurance-related products.

d. My experience as an expert includes the following automotive warranty related class action settlement valuation determinations: 1) Warranty Extension and other class member benefits provided for by the Volkswagen and Audi Warranty Extension class action settlement agreement (VW/Audi)<sup>1</sup>; 2) the Customer Support Program related class member benefits provided for by the Toyota-United States class action settlement agreement (Toyota-US)<sup>2</sup>; and 3) Customer Support Program in the Toyota-Canadian class action settlement agreement (Toyota-Canadian)<sup>3</sup>.

e. My *curriculum vita* is attached as Exhibit A.

### **3. Valuation Purpose and Scope and Materials Considered**

a. Plaintiff's Counsel asked me to independently value the class member benefits derived from this class action litigation and settlement related only to:

i. Service Campaign service and software update (Software Update) made available to Class Members free of charge;

ii. Warranty Extension made available on Class Vehicles on an unlimited mileage basis for the convertible top for a one-year period; and

iii. Reimbursement for Out-of-Pocket Expenses made available to Class Members (Class Member Costs) that incurred eligible out-of-pocket expense relating to the Convertible Top Defect.

b. In conducting my work and forming my opinions, I was provided and have considered, in addition to my substantial experience in this area, the materials identified in Exhibit B.

c. My Valuation Primary Assumptions, Valuation Methodology, Valuation Opinions and Certifications and Representations are profiled below.

### **4. Valuation Primary Assumptions and Limiting Conditions**

a. My analyses, opinions, and conclusions are limited only by the Valuation Primary Assumptions and Limiting Conditions outlined in Exhibit C including an assumed Valuation Effective Date of June 19, 2017.

### **5. Valuation Methodology**

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<sup>1</sup> The United States District Court District Of Massachusetts, In re Volkswagen and Audi Warranty Extension Litigation, Docket No. 1:07-md-01790

<sup>2</sup> Central District Of California, Southern Division, In Re: Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, And Products Liability Litigation, United States District Court, Case No. 8:10ML2151 JVS (FMOx)

<sup>3</sup> Canadian Toyota Unintended Acceleration Marketing, Sales Practices, And Products Liability Litigation Settlement Agreement (various courts)

a. I requested, read and considered the following materials provided by Plaintiff's Counsel:

- i. Settlement Agreement and Release including Exhibit A and B, October 24, 2016 that provides the specifics for the Software Update; Warranty Extension; and Reimbursement for Out-of-Pocket Expenses;
- ii. Corrected First Amended Class Action and Jury Trial Demand, October 16, 2014 and Defendants' Objections and Responses to Plaintiffs' Rule 30(b)(6) Deposition Notice and Document Demand, April 27, 2016 to understand the nature and scope of this matter and the available information to provide the value opinions;
- iii. Letter from Christopher J. Dalton, Buchanan Ingersoll Rooney PC, April 10, 2015 and subsequent related email chain disclosing information including that there were 11,225 warranty claims and 1,148 goodwill claims relating to the Convertible Top Defect in Class Vehicles.
- iv. Letter from Christopher J. Dalton, Buchanan Ingersoll Rooney PC, July 6, 2016 providing the national BMW average cost of applicable repairs and replacements;
- v. Transcript of Deposition of Robert Vincent Coake, July 13, 2016 and exhibits to gain an understanding of pertinent facts including the nature of the Convertible Top Defect, BMWs repair procedures and BMW's warranty claims practices;
- vi. BMW applicable technical service information bulletins: SI B54 03 05 July 2005, SI B54 17 06 November 2006, SI B54 17 06 June 2011 and SI B54 17 06 June 2016 to gain an understanding of BMW's applicable repair procedures and warranty costs; and
- vii. Background information provided by Plaintiff's Counsel that included the total number of Class Vehicles originally sold (30,344).

b. To estimate the number of Class Vehicles that could benefit from the settlement, I utilized the number of Class Vehicles originally sold by Model Year provided by BMW and adjusted for the declining number on the road over time by utilizing vehicle survivability data from the National Highway Traffic Safety Administration.

c. To value the Software Update made available to Class Members, I utilized BMW's United States average warranty reimbursement amount of \$70.15. This amount is very likely less than the retail cost consumers would pay for the same procedure since industry practice is for manufacturers to reimburse their dealers for fewer warranty hours than what the dealership would charge in a customer pay situation. I did not increase the Software Update

value for the warranty to retail cost premium<sup>4</sup> since I did not have a source for the customer pay retail price for the Software Update. The typical customer pay premium in the industry is 25% to 40%. Thus, I believe my value estimate is conservative in nature. See Exhibit D for the Software Update valuation calculations.

d. To value the Warranty Extension my valuation approach is based on estimating the market price Class Members would pay to purchase a hypothetical extended service contract<sup>5</sup> that is equivalent to the financial protection<sup>6</sup> resulting from the existence of the Warranty Extension. This approach has been accepted by many courts including my valuations in the VW/Audi, Toyota-US and Toyota-Canadian class actions mentioned above in the experience and qualification section. Thus, I employed methods and analyses of a type reasonably relied upon by courts and experts in my field in forming opinions or inferences on the subject. See the attached Exhibit E for Warranty Extension valuation summary calculations. In developing the price of the Hypothetical Extended Service Contract, my primary considerations included the following:

i. The Warranty Extension is equivalent to an extended service contract with the following elements:

1. Coverage for a one-year period.
2. A zero deductible amount; and
3. Unlimited mileage.

ii. Consumer retail prices of extended service contracts (ESCs) for the Class Vehicles available in the market in 2017.

iii. The Class Vehicles estimated average vehicle mileage for each Model Year and new vehicle warranty status as of the Valuation Effective Date.

iv. The Warranty Extension covered services are sensor modification, sensor replacement, top replacement and Software Update. I considered that the BMW dealer average Convertible Top Defect repair claim cost of \$355.54 and the

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<sup>4</sup> It is common in the industry for manufacturers to reimburse for hours for warranty work than is customarily charged by dealerships for customer pay work.

<sup>5</sup> An extended service contract (ESC), sometimes called an extended warranty or plan, provides a warranty on certain vehicle parts beyond the coverage of the vehicle's original standard manufacturer warranty. Typical ESC levels of coverage vary from "power train only" up to full "bumper to bumper". The ESC is a contractual agreement between the vehicle owner and the ESC obligor (typically an independent insurance company or manufacturer affiliated insurance company). Consumers typically purchase an ESC from a dealer at the point of vehicle purchase.

<sup>6</sup> OPINION AND ORDER, JOSEPH A. O'KEEFE Plaintiff v. MERCEDES-BENZ USA, LLC Defendant, Civil Action No. 01-CV-2902, Civil Action No. 03-CV-1480, United States District Court, E.D. Pennsylvania, April 2, 2003, B, 2 –" We believe that the benefits to the class are most accurately measured by making an estimation of the Extended Coverage Program's market price. We realize that this figure is difficult to estimate because the Extended Coverage Program—or any similar warranty product—is not on the market. Yet, economists, actuaries, investors and businesspeople must estimate and value risk in all types of market transactions. A warranty is simply the ex ante market price of insuring against a foreseeable risk. Any other measure except the market price would over or underestimate the benefit to the class."

BMW warranty cost for the Software Update of \$70.15 for a total Warranty Extension covered cost of \$425.69. For the same reasons discussed in the above Software Update section, this amount is very likely less than the retail cost consumers would pay for the same procedures by 25% to 40%. Thus, I believe my value Warranty Extension valuation estimate is conservative in nature.

v. The Convertible Top Defect claims occurrence rates from my analysis of Warranty, Goodwill and Certified Pre-Owned (CPO) data provided by BMW. The data indicates that the rate of warranty, goodwill and CPO claims were increasing over the annual periods; and

vi. The actual market place relationship between the consumer retail prices paid for extended service contracts and consumer retail prices paid for the vehicles covered by the extended service contracts. Based on market place retail prices and the specific facts and circumstances of the Warranty Extension, I believe a 5% factor of the Average Warranty Claim Cost is a reasonable estimate of the consumers retail cost of a Hypothetical Extended Service Contract that is equivalent to the Warranty Extension.

e. To determine the value of the Reimbursement Campaign (the Class Member Costs incurred), my approach was to estimate the number of Class Members (vehicle owners), to estimate the number of such owners that would choose to incur costs to repair or replace and then apply a weighted average cost to repair or replace. See the attached Exhibit F for Estimated Repair or Replacement Costs Incurred Available for Reimbursement summary calculations. My primary considerations and calculations included the following:

i. The number of Class Vehicles originally sold and the declining number of such remaining on the road over time;

ii. The estimated number of repair and replacement occurrences based on my analysis Convertible Top Defect warranty period claim provided by BMW;

iii. BMW dealer average Convertible Top Defect repair claim cost of \$355.54 from BMW's warranty database. For the same reasons discussed in the above Software Update and Warranty Extension sections, this amount is very likely less than the retail cost consumers would pay for the same procedures by 25% to 40%. Thus, I believe my value Warranty Extension valuation estimate is conservative in nature.

iv. The estimated average number of in-service years from the end of the new vehicle warranty period to the assumed Valuation Effective Date for each Model Year (The more in-service years the greater likelihood of an owner incurring repair and replacement costs.) The average, post-warranty in-service years for the Class Vehicles range from 7.2 for the 2010 Model Year increasing to 13.2 for the 2004 Model Year. On a number of Class Vehicles sold weighted average basis this equates to 10.7 average in-service years after the original warranty period versus only four years for the original warranty period.

v. The estimated average number of owners for the Class Vehicles by Model Year. (Each vehicle owner will make their own repair or not decision upon incurring the Convertible Top Defect symptoms.) Applying industry ownership statistics, I calculated that the 2009-2010 Model Year vehicles average 1.9 owners and the 2004-2008 Model Year vehicles average 2.9 owners;

vi. I estimate the total vehicle owners at 78,930<sup>7</sup>.

vii. The total number of Convertible Top Defect warranty claims per BMW was 11,225 under the four-year warranty. My estimate is 18,368 vehicle owners (of a total 78,930) chose to pay to repair or replace over the 10.7 weighted average in-service years after the new vehicle warranty period.

viii. The actual or estimated number of owners that already had their repairs and replacements paid for through the new vehicle warranty (11,225), through certified preowned vehicle coverage (1,309), through extended service contract coverage (9,104) or through BMW extended goodwill (1,906); and

ix. The estimated impacts of other consumer pay to repair or replace dynamics including available financial resources, nature of the faulty part, frequency of problem, convenience of repair, etc. Based on my judgement, I estimated that the number of consumers that would incur a an eligible repair or replacement would be one-third of the annual rate that consumers took their vehicles to the BMW dealership when the Class Vehicle was covered under warranty.

## **6. Valuation Opinions**

a. Based on the procedures performed and subject to the assumptions and limiting conditions discussed earlier, it is my opinion that the estimated value of the certain class member benefits derived from this class action litigation and settlement are as follows:

i. Software Update made available to Class Members free of charge - \$1,540,000.

ii. Warranty Extension made available to Class Members - \$470,000.

iii. Reimbursement for Out-of-Pocket Expenses made available to Class Members - \$6,500,000.

b. Accordingly, the total minimum value of this settlement is \$8,510,000.

## **7. Certifications and Representations**

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<sup>7</sup> I understand that the number of Class Members (owners and lessees) determined by the Settlement Administrator is 118,984 as determined by searching DMV databases. I decided to utilize my Class Member estimate as it is possible the DMV number includes duplicates and intermediary owners that took vehicle possession only for the purposes of selling the vehicle.

- a. The statements of fact in this affidavit are true and correct.
- b. These are my personal, impartial, and unbiased professional analyses, opinions, and conclusions, all of which are stated to a reasonable degree of professional certainty.
- c. I do not have any bias, present interest, or prospective interest with respect to this matter, or any bias or personal interest with respect to the parties involved with this assignment.
- d. My engagement in this assignment and the compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or any direction in value, the amount of the value opinions, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation.

I declare under penalty of perjury that the foregoing is true and correct. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment. Executed this 22<sup>nd</sup> day of June, 2017, at Blaine, Minnesota.



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KIRK D. KLECKNER

## **EXHIBIT A – Curriculum Vitae OF Kirk D. Kleckner CPA MBA ABV ASA-BV CFF**

Kirk is currently:

- President of ValuationUSA, LLC - a valuation and succession planning firm serving closely held businesses and their owners
- President of Automotive Development Group Capital and Consulting, LLC – dealership profitability consulting firm

Kirk's experience includes:

- Seven years as Chief Financial Officer for a well-respected Top 50 dealership group known for its world class customer experiences and business processes
- Nineteen years with an accounting firm including roles as shareholder, Chief Operating Officer, and Director of Business Valuation and Litigation Support Services
- Consulting work for hundreds of companies in an array of industries including but not limited to: retail dealership, casualty insurance, distribution, manufacturing, construction, insurance, reinsurance, service, non-profit, bank, retail, tool and die, technology, trucking and warehouse

Kirk is a CPA, MBA and has professional accreditations including:

- Accredited in Business Valuation (ABV) from the American Institute of Certified Public Accountants (AICPA)
- Accredited Senior Appraiser in Business Valuation (ASA-BV) of the American Society of Appraisers
- Certified in Financial Forensics, AICPA (CFF)

Kirk's expertise leverages both his professional and hands-on industry experience as a Chief Financial Officer for a \$500 million dollar business. Kirk's expertise and experience includes buying, selling and integrating of businesses; managing businesses; succession planning, business and intangible asset valuation for strategic transactions; income, gift and estate tax; owner transactions and litigation purposes.

Kirk is a qualified expert witness with experience in complex business litigation, economic damages calculations, business valuation and intangible asset valuation. Recently, Kirk was a valuation expert in the greater than \$100,000,000 damage award class action cases --- In re Volkswagen & Audi Warranty Extension Litigation (MDL 1790) and In re: Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, and Products Liability Litigation (No. 8:10ML2151 JVS).



## STATEMENT OF QUALIFICATIONS

### Academic and Professional Credentials

- **ABV** - Accredited in Business Valuation, AICPA,
- **ASA-BV** - Accredited Senior Appraiser-Business Valuation, American Society of Appraisers
- **CFF** - Certified in Financial Forensics, AICPA (granted exclusively to CPAs who demonstrate considerable expertise in forensic accounting through knowledge, skills, and experience in areas including: family law; valuations; financial statement misrepresentation; and economic damages calculations.
- **MBA** - Master of Business Administration, Concentration Finance, University of Minnesota
- **CPA** - Certified Public Accountant, State of Minnesota and Iowa
- Bachelor of Arts, Accounting and Business Administration, Wartburg College

### Positions and Experience

**President – ValuationUSA, LLC (2008)** – Professional services consulting firm specializing in the following areas:

- succession planning, owner wealth accumulation, preservation and transfer planning
- business and intangible asset valuation
- gift and estate tax
- strategic acquisition and divestiture transactions
- value enhancement
- expert opinions – litigation, economic loss / damage analysis and independent opinions / expert testimony

**President – Automotive Development Group Capital and Consulting, LLC (2009)** – Business specializing in helping dealership groups and their owners establish and sustain competitive advantages that lead to performance at extraordinary levels.

**Executive Vice President and Chief Financial Officer - Walser Automotive Group, Minneapolis, MN (2000–2007)** - Automobile dealership group with related leasing, collision repair, reinsurance and real estate operations (\$500 million of revenues, fourteen locations and 750 employees)

**Chief Operating Officer, Director of Valuation and Consulting Department, and Shareholder - Wilkerson, Guthmann + Johnson, Ltd., St. Paul, MN (1981 – 2000)** - Public accounting firm with 40 members and offices in St. Paul, Blaine and Minneapolis. *Industries Served:* Auto dealership, casualty insurance, manufacturing, construction, insurance, service, non-profit, bank, retail, trucking and warehouse.

## Professional Affiliations

*American Society of Appraisers*, a Member and an Accredited Senior Appraiser- Business Valuation (ASA-BV) - ASA is an organization of appraisal professionals. The ASA promotes the exchange of ideas and experiences among its members; maintains the Principles of Appraisal Practice and Code of Ethics for the guidance of its members; maintains universal recognition that members of the Society are objective, unbiased appraisers and consultants, and awards professional designations to qualified members.

*American Institute of Certified Public Accountants*, a Member and an Accredited in Business Valuation Member (ABV), Certified in Financial Forensics (CFF)

*Minnesota Society of Certified Public Accountants*, a Member

*Twin Cities Estate Planning Council*, a Member

## Select Presentations

- *Business Value: What Leads to a High Performance Manufacturing Business?*, 2016 Minnesota Manufacturing Executives, Minneapolis, MN
- *Eight Characteristics of High Value Dealerships*, 2014 Michigan Automotive Dealers Conference, Livonia, MI
- *Eminent Domain Asset Identification, Classification and Valuation*, Eminent Domain 2011: Essential Updates and Issues, Hennepin County Bar Association, Minneapolis, MN
- *Eight Characteristics of High Value Dealerships (And Why Dealers Should Care About Them)*, 2010 AICPA Auto Dealership Conference, Phoenix, AZ
- *AICPA / ASA Business Conference Review*, American Society of Appraisers, Minneapolis, MN
- *Fourteen Evolving Dealership Strategies*, Chicago Automobile Trade Association / Compli, Chicago; Dealer Driving Force Group, Charlotte, NC
- *Integrating Business Value Creation and Tax Planning*, 2010 Management & Business Advisers Conference, MN Society of CPAs, Minneapolis, MN
- *Tax Reduction Strategies for Today's Business Environment*, M&I Bank
- *What Leads to Dealership High Performance*, The New Dealership Era Symposium Sponsored by Compli and Wells Fargo, Bloomington, MN
- *Business and Real Estate Valuation Timely Opportunities*, Thrivent Financial Annual Meeting, Roseville, MN
- *Business Valuation for Attorneys*, Various
- *Understanding Financial Statements for Attorneys*, Various

## Select Appraisal and Litigation Support Education

- ASA 2015 Advanced Business Valuation Conference, Las Vegas, NV
- How Probability Affects Discounts for Lack of Marketability, 2015
- ASA Annual Business Valuation Conference, 2015, 2014
- MNCPA Business Valuation Conference, 2015, 2013, 2009, 2008
- Price and Value: Discerning the Difference, 2015
- National 7 Hour USPAP for Business Valuation, 2014
- Michigan CPA Automobile Dealers Conference, 2014
- Buying and Selling a Privately Owned Business, 2014
- The NEW Choice of Entity Decision, 2014
- The Best Income Tax, Estate Tax and Financial Planning Ideas of 2013
- Family Law Conference, 2013
- Valuing Early Stage Companies, 2013
- Special Topics in the Valuation of Intangible Assets, 2012
- Using Market Data to Support Real Estate Partnership Discounts, 2012
- Reasonable Compensation: Application and Analysis for Appraisal, Tax and Management Purposes, 2011
- AICPA National Business Valuation Conference, 2011, 2008
- Factors of Comparability: Considerations Affecting Market Royalty Rates and Intangible Property Valuations, 2011
- 20<sup>th</sup> Annual National Expert Witness Conference, 2011
- Pluris Discount for Lack of Marketability Study Results, 2010
- Business Valuations for SBA Loan Purposes: Important Developments and Perspectives, 2010
- The Exploration, Examination, and Dissection of Reasonable Compensation, 2010
- Valuation Issues in Estate and Gift Tax, 2010
- Advanced Issues in Fairness and Solvency Opinions, 2010
- Real Option Valuation, 2009
- Monte Carlo Simulation, 2009
- Reconciling the Lack of Marketability Discount Theories, 2009
- Reasonable Compensation, 2008
- National Business Valuation Conference (AICPA / ASA) , 2008
- Cost of Capital, 2008
- ASA International Appraisal Conference 2008
- Illinois Business Valuation Conference, 2008
- Evaluating Risk Business Valuation Conference, 2008
- Reconciling the Lack of Marketability Discount Theories 2008
- ABV Examination Review Course, 2007
- ABV Examination Review Course and Exam
- Valuation of Family Limited Partnerships and Limited Liability Companies
- S Corporation Valuation Issues
- Employment Damages Workshop
- Tax Issues in Divorce
- Expert Witness in an Untested Litigation Area
- Uniform Standards of Appraisal Practice, Course and Exam
- Selection and Use of an Expert in Litigation
- Income Tax Planning for Estates and Trusts
- Family Limited Partnerships in Minnesota

## **EXHIBIT B – Primary Materials Considered**

- *Corrected First Amended Class Action and Jury Trial Demand, October 16, 2014*
- *Letter from Christopher J. Dalton, Buchanan Ingersoll Rooney PC, April 10, 2015*
- *Defendants' Objections and Responses to Plaintiffs' Rule 30(b)(6) Deposition Notice and Document Demand, April 27, 2016*
- *Letter from Christopher J. Dalton, Buchanan Ingersoll Rooney PC, July 6, 2016*
- *Transcript of Deposition of Robert Vincent Coake, July 13, 2016 and the following exhibits:*
  - *Exhibit 1 SI B54 03 05 Special Roofs, July 2005, Technical Service*
  - *Exhibit 2 SI B54 17 06 Special Roofs, November 2006, Technical Service*
  - *Exhibit 3 SI B54 17 06 Special Roofs, June 2011, Technical Service*
  - *Exhibit 4 SI B54 17 06 Special Roofs, June 2016, Technical Service*
- *Settlement Agreement and Release including Exhibit A and B, October 24, 2016*
- *BMW E64 Distribution Data List*
- *BMW Warranty, Goodwill and CPO Data*
- *Edmunds Used Vehicle Market Report, February 2017*
- *Manheim 2017 Used Car Market Report, 22nd Edition*
- *Average Length of U.S. Vehicle Ownership Hit An All-Time High, Kelly Blue Book KBB.com, February 23, 2012*
- *Vehicle Survivability and Travel Mileage Schedules, January 2006. National Highway Traffic Safety Administration*
- *C.N.A. National Warranty Corporation vehicle extended service contracts*
- *Protective vehicle extended service contracts and standard prices*
- *National Auto Care vehicle extended service contracts*
- *Allstate vehicle service agreements*
- *Various warranty insurance company state filings showing rate filings and rate manual guidelines*

- *NADA Official Used Car Guide*, National Appraisal Guides, Inc.

**Exhibit C – Valuation Primary Significant Assumptions and Limiting Conditions**

- Information provided is accurate.
- Effective date of valuations as of June 19, 2017

## Exhibit D - Value of Software Update Made Available to Class Members

Vehicle Model Year	2004	2005	2006	2007	2008	2009	2010	Total
<b>Estimated Number of Subject Vehicles On The Road</b>								
Number of Subject Vehicles Originally Sold	3,324	6,472	5,421	6,329	5,050	1,776	1,972	30,344
Percentage Vehicles on Road per NHTSA	50.94%	61.25%	71.70%	78.66%	82.52%	86.04%	89.18%	72.42%
	1,693	3,964	3,887	4,978	4,167	1,528	1,759	21,976
<b>Value of Software Update Made Available to Class Members</b>								
Warranty Cost of Software Update per Vehicle	\$ 70.15	\$ 70.15	\$ 70.15	\$ 70.15	\$ 70.15	\$ 70.15	\$ 70.15	\$ 70.15
Subject Vehicles on the Road	1,693	3,964	3,887	4,978	4,167	1,528	1,759	21,976
Estimated Retail Price of Hypothetical ESC Per Year	\$118,764	\$278,075	\$272,673	\$349,207	\$292,315	\$107,189	\$123,394	\$1,541,616
Round	<u>\$1,540,000</u>							

## Exhibit E - Value of Warranty Extension

Vehicle Model Year	2004	2005	2006	2007	2008	2009	2010	Total
<b>Estimated Number of Subject Vehicles On The Road</b>								
Number of Subject Vehicles Originally Sold	3,324	6,472	5,421	6,329	5,050	1,776	1,972	30,344
Percentage Vehicles on Road per NHTSA	50.94%	61.25%	71.70%	78.66%	82.52%	86.04%	89.18%	72.42%
	<u>1,693</u>	<u>3,964</u>	<u>3,887</u>	<u>4,978</u>	<u>4,167</u>	<u>1,528</u>	<u>1,759</u>	<u>21,976</u>
<b>Estimated Retail Price for Hypothetical Extended Service Contract</b>								
Average Warranty Claim Cost	\$ 425.69	\$ 425.69	\$ 425.69	\$ 425.69	\$ 425.69	\$ 425.69	\$ 425.69	\$ 425.69
Guideline Retail Cost of ESC Per Year of Coverage	5%	5%	5%	5%	5%	5%	5%	5%
Estimated Retail Price of Hypothetical ESC Per Year	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28
<b>Total Class Member Retail Cost to Purchase Hypothetical ESC</b>								
Total Coverage Years	1	1	1	1	1	1	1	1
Subject Vehicles On The Road Today	1,693	3,964	3,887	4,978	4,167	1,528	1,759	21,976
Estimated Retail Price of Hypothetical ESC	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28	\$ 21.28
	<u>\$ 36,027</u>	<u>\$ 84,354</u>	<u>\$ 82,715</u>	<u>\$ 105,932</u>	<u>\$ 88,674</u>	<u>\$ 32,516</u>	<u>\$ 37,432</u>	<u>\$ 467,650</u>
Round								\$ 470,000

## Exhibit F - Estimated Repair or Replacement Costs Incurred Available for Reimbursement

Vehicle Model Year	2004	2005	2006	2007	2008	2009	2010	Total
<b>Number of Subject Vehicles</b>	3,324	6,472	5,421	6,329	5,050	1,776	1,972	30,344
<b>Annual Warranty Claim Occurrence Rate</b>	8.0%	12.8%	5.7%	13.2%	7.5%	5.3%	4.5%	9.2%
<b>Number of In-Service Years From End of Warranty Period to Applicable Valuation Date</b>								
Post Warranty Period Average In-Service Years	13.2	12.2	11.2	10.2	9.2	8.2	7.2	10.2
Weighted Average	1.4	2.6	2.0	2.1	1.5	0.5	0.5	10.7
<b>Vehicles Remaining on Road at Assumed Effective Settlement Date</b>								
Vehicles on Road per NHTSA	50.94%	61.25%	71.70%	78.66%	82.52%	86.04%	89.18%	
Vehicle on Road	1,693	3,964	3,887	4,978	4,167	1,528	1,758	21,976
<b>Average Number of Owners That Incurred Applicable Post Warranty Period Repair Costs</b>								
Average Number of Owners	2.7	2.7	2.7	2.7	2.7	1.9	1.9	
Number of Subject Vehicles Sold	3,324	6,472	5,421	6,329	5,050	1,776	1,972	
Estimated Number of Owners Before Adjustments	8,975	17,474	14,637	17,088	13,635	3,374	3,747	78,930
Less Warranty Period Claim Owners	(1,059)	(3,323)	(1,237)	(3,352)	(1,519)	(379)	(356)	(11,225)
Less Goodwill Claim Owners	(163)	(676)	(246)	(542)	(192)	(53)	(34)	(1,906)
Less Certified Pre-Owned Claim Owners	(62)	(300)	(148)	(418)	(293)	(62)	(26)	(1,309)
Less Estimate of Extended Service Contract Owners	(997)	(1,942)	(1,626)	(1,899)	(1,515)	(533)	(592)	(9,104)
Estimated Average Number of Owners	6,694	11,233	11,380	10,877	10,116	2,347	2,739	55,386
Calculated Percentage That Will Pay For Repair	40.7%	37.6%	34.5%	31.4%	28.4%	25.3%	22.2%	33.2%
	2,724	4,225	3,929	3,420	2,869	593	608	18,368
<b>Estimated Retail Repair Costs Available For Reimbursement</b>								
Weighted Average Cost of Repair	\$ 355.54	\$ 355.54	\$ 355.54	\$ 355.54	\$ 355.54	\$ 355.54	\$ 355.54	\$ 355.54
Estimated Owners That Chose to Repair or Replace	2,724	4,225	3,929	3,420	2,869	593	608	18,368
	\$ 968,494	\$ 1,502,161	\$ 1,396,921	\$ 1,215,950	\$ 1,020,047	\$ 210,836	\$ 216,169	\$ 6,530,578
Round								\$ 6,500,000